

From: Andrew [mailto:kcedaas@internetcds.com]  
Sent: Tuesday, December 03, 2002 2:43 PM  
To: Hadjy, Pandor  
Cc: Hagy, Bill; Deleon, Elsa  
Subject: Section 9006

Ms. Hadjy,  
Here is my written comments on behalf of Klamath and Lake County, Oregon.

Andrew Stuedli  
Agricultural and Environmental  
South Central Oregon Economic Development District  
P.O. Box 1777  
Klamath Falls, OR 97601  
(541) 882-9600 Ext. 22  
kcedaas@cdsnet.net  
www.sobusi.com

November 25, 2002

Ms. Pandor Hadjy  
Assistant Deputy Administrator, Business Programs  
USDA, Rural Development  
1400 Independence Avenue  
Washington, D.C. 20250-3220

Dear Ms. Hadjy:

We are pleased to see the Energy Title as part of the Farm Bill and in developing the valuable programs under this title we would like to encourage you to consider addressing geothermal energy's benefits.

One of the most abundant renewable resources in the West, and in our two-county area in particular is geothermal energy. Approximately 800 existing wells in the area produce fluids in the 100 F to 240 F range. Drilling techniques, along with the regulatory environment for future development and use of geothermal fluids, are the same as that of normal temperature waters. Numerous wells are located on, and have the potential to be located on, ranches within the two-county area. A prime example is a farm in the southern part of Klamath County that has developed the resource for operation of both aquaculture and greenhouses. This same strategy could be duplicated on hundreds of other ranch or farm operations.

A key goal in the economic strategy in Klamath and Lake County, Oregon, is diversification of agriculture in the rural two-county area. The strategy is being carried out by the Klamath and Lake County Economic Development District (EDD), and a pivotal aspect of the program is the incorporation of renewable energy for farm diversification. Given the devastating effects of the recent water crisis in the Klamath Basin and surrounding areas, diversification is key to the future of agriculture in our area.

To successfully implement this strategy, the Klamath and Lake County EDD needs to address the following points:

1. Priority of funding should be given to projects that are directed towards job creation and value-added agriculture promotion. In the midst of a distressed economy, job creation and new market promotion is an extreme benefit to rural

areas that have limited options in regards to development opportunities. It generates revenue from newly created agricultural markets and brings employment to rural communities, while promoting safe environmental uses of alternative energy.

2. Grant programs are the primary driving force for project development. Many states already have loan programs in effect from their respective state Department of Energy and the federal Department of Energy. Bringing grant programs to the rural communities would aid in the development of projects that would not likely be feasible with only loan monies.

3. The use of geothermal resources allows for value-added agricultural operations to be located in colder climates, rural areas, and communities where diversification of traditional agriculture is sought. Geothermal is a site-specific resource (mainly in the Western United States), not available in all areas. Allowing for local level involvement and development of this resource within the Farm Bill energy strategy would substantially increase the USDA's effectiveness in farm diversification. Developing a program on the local level, through a 501(c)3 etc, allows for funds to be dispersed in a way that caters to the needs of each individual community, leading directly to job creation and value-added agriculture diversification. This in-turn would leave the work of grant administration with local agency instead of sending a sizeable amount of administration back to Washington D.C. where USDA is already overwhelmed with program administration workload. Creating an efficient, lucrative program with local support in rural communities, will give the USDA more "Bang for their Buck".

Geothermal energy and agriculture are important aspects of Klamath and Lake County and many communities in the West. This is why we support local level promotion of safe environmental use of alternative energy sources.

Andrew Stuedli  
Agricultural/Environmental Manager